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[Does Combined Occupancy Space Work?]

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The New York Educational Construction Fund, created in 1966 to carry out an imaginative new program of urban development by constructing public schools as part of multiple use structures, maximizes the use of land by developing school sites for residential and commercial construction, using air rights over the schools. It raises funds by selling tax exempt bonds and notes. The Fund is authorized to receive payments for air rights plus payments in lieu of taxes are used to retire bonds. Multi-use buildings add a new dimension to community development, leading to a greater identification among school, home, and business. In addition the sizes of new schools can be economically reduced, creating a more personal atmosphere. (NI)

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[DOES COMBINED OCCUPANCY SPACE WORK?]

Speech by Daniel Z. Nelson, Executive Director
New York City Educational Construction Fund
Council of Educational Facility Planners
Sheraton-Peabody Hotel, Memphis, Tennessee
3 P.M., Tuesday, October 7, 1969

The question I was asked to answer at this session is whether combined-occupancy space works. My answer is an emphatic "yes".

Now that I have answered the question, let me tell you WHY it works and HOW it works. To understand why it works - or better stated, why it MUST work - we should look at the school construction problems facing New York City.

There is an acute shortage of land in New York City, particularly in Manhattan and in our high density ghettos. In addition, there is an acute shortage of funds available for school construction. The City's school building program must compete with housing, hospitals, parks, libraries and other capital projects for the shrinking municipal dollar.

There is also a desperate need for the City to preserve and enhance its tax base. Whenever a public facility - such as a school - is constructed, the land on which it is built is removed from the real estate tax rolls, and the City not only must pay for the school, but it also loses a source of its income. And, finally, there is a need in our impersonal City for residents to develop an identity and pride; to feel he is involved with the process of educating his children and developing his neighborhood. Winston Churchill said it best,

"We shape our buildings. Afterwards they shape us."

The New York City Educational Construction Fund is meeting these problems - successfully. The Fund is known under New York State Law as a public benefit corporation; more commonly identified throughout the country as a public authority. It was created in 1966 to carry out an imaginative new program of urban development - the construction of public schools in New York City as part of multiple-use structures. And this is how it meets the problems I stated briefly:

First, it maximizes the use of land by developing school sites for residential and commercial construction, using air rights over the schools. I am sure many of you here today have been party to municipal conflicts over the use of public lands for school and housing developments. By giving the property a dual use, it can satisfy both needs. The Fund also is able to develop

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sites that the City has been reluctant to acquire for schools because of high land costs - by utilizing the valuable air space above the schools for income-producing facilities. And, generally, it has introduced the concept of a bi-level City, opening up new vistas for imaginative and innovative concepts in multi-purpose construction.

Second, as a public authority, the Fund can raise its own funds by selling tax-exempt bonds and notes to the investing public. Thus, the cost of the schools is met outside the City's capital budget, and allows the City's capital funds to be used for additional schools. The Fund meets the debt service of its bonds from rental payments for the air rights over the school. In addition, since school sites are tax-exempt, it is authorized by statute to receive payments equivalent to the normal real estate tax on the non-school portion of the building during the life of the debt on the school. Thus, the lease payments for the air rights, plus the payments in lieu of taxes, are used to retire the school bonds.

Third, once the Fund's debt is retired, title to the school is turned over to the City and the facility above the school pays all air rights rental and taxes to the City. Thus, the City not only has received a school without cost, but also has added future income and tax payments to its rolls.

Fourth, and perhaps hardest to prove, is that multi-use buildings add a new dimension to community development. We believe it will provide a greater identification between the school and the home; the school and the business community.

An additional benefit accruing from our program is the ability to reduce the size of new schools. Because of high land cost, the Board of Education has been forced to build 1200-seat primary schools, 1800-seat intermediate schools, and 4000-seat high schools. However, since combined facilities share the cost of land, we are able to provide smaller size schools - as small as 400 seats - and thus aid the teaching process by creating a more personal atmosphere.

Because of the innovative nature of our program, we can provide school facilities with amenities that would normally not be included. We are designing our schools not only as educational plants, but also as community centers. Through modern construction techniques, schools will not just be open from eight in the morning to three in the afternoon - but, from eight in the morning until late in the evening. Thus, our schools will become focal points of a community. A good school, with good facilities for children and parents, can weld a neighborhood together and give it an identity. This is a major objective of our program.

All this is not theory. This is fact. Time and again in these formative years of the Fund, we are finding City Agencies and community groups turning to us to develop multi-use facilities. Local groups that have been urging the development of sites for housing in direct conflict with parents groups calling for new schools have turned to us. A City that finds it cannot build new facilities because of the high price of land and an already overloaded capital construction program has turned to us; school additions that have a low priority and little hope of being built in the near future have been referred to us for financing and construction. Air space over highways and railroad yards that had not been feasible for school facilities because of high platform cost - are now viable under our program.

While proposals are received from various sources, the major source of our sites is the Board of Education. Whenever the Board plans a new school, it consults with us to determine whether it will be appropriate for dual use. When private builders and housing agencies contemplate new developments, we are consulted. All we need is a viable site. We have no capital budget priorities or limitations that restrict the Board of Education's construction program. We have flexibility.

And it is our flexibility that is perhaps our greatest tool. We can build our schools with either commercial or residential buildings, and this includes luxury, as well as subsidized housing. By providing sites for all types of development, we are in reality similar to an urban renewal agency.

The acquisition of sites can be accomplished either by purchase or through the City's condemnation process. However, no matter which method is used, we involve ourselves in the total planning process of the City. This means review by City Agencies, as well as community groups. And I am happy to report that local support has been one of our easier goals to achieve. To their credit, neighborhood groups have been very quick to recognize the potential of our program, and have rallied to support our proposals as they move across the various desks of municipal government.

Thus, we see that once a concept is accepted, its potential is unleashed. It's like breaking the four-minute mile. No one thought it could be done,but once it was done, everybody began doing it. Skeptics in New York City have become supporters.

As for the operation of the Fund, although it is an independent public benefit corporation, it has strong ties with the City's Board of Education. The Board must approve all projects under our program, and it reviews the design and supervises construction of the school portions. The President of the Board serves as the Chairman of our 3-man Board of Trustees. The other members are the Chancellor of the Board of Education and

an appointee of the Mayor, at present the Housing and Development Administrator of the City.

We are principally a finance and development agency. We put together the school and air rights package; we finance and see it through construction to the day the doors open. Once it is completed, the school is turned over to the Board of Education and operated as a normal public school.

At this point, I think our program can best be illustrated by viewing selected examples of our projects. And so, the lights, please.....

(slides and taped narration)

One thing that is obvious in the slides is that the Fund's program is most applicable to a high density city. It meets New York City's needs perfectly, for New York is a Skyscraper City. The program's orientation is urban. As our program grows and brick is placed upon brick, I expect other cities with similar problems to New York City's, will adopt the program. It is also my belief that this program one day could be made adaptable to suburbia, where land is becoming more scarce and the traditional one-family home is being replaced by garden apartments.

But, that is speculation. What I do know is that this program is working for New York City - and it is working now.

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